

# Exhibit 73



FROM: Mike Sellers  
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INTEROFFICE CORRESPONDENCE

DEPT: 0361 BLDG: AP30 EXT: 7-1776

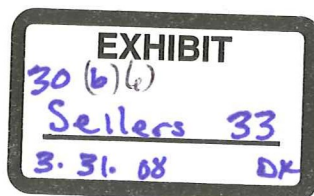
TO: Meeting Attendees

DATE: March 7, 2001

RE: Rules of The Road

Attached is for discussion at the 10 AM meeting in Rick Gonzalez office.

MIKE



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**ABBOTT LABORATORIES INC.**  
**Hospital Products Division**

**POLICY FOR LIST PRICE ADJUSTMENTS**

**OBJECTIVE:** In order to maintain a reasonable relationship between the actual market price for products marketed by the Hospital Products Division (HPD) of Abbott Laboratories Inc. and the list price published in the catalog (and submitted to industry clearinghouse services), the Division is establishing a standard policy for the determination of the manufacturer's suggested list price on products for which the majority of sales made by the Division are below the current published price (i.e. generic products).

**DEFINITIONS:**

**List Price** – The highest price published for a product in the catalog and/or submitted to the industry clearinghouses (RedBook and First Data Bank) for general distribution.

**WAC (Wholesale Acquisition Cost)** – The price of a product when sold to a drug wholesaler who is eligible for chargeback processing after the end sale to a healthcare provider. Other terms referring to trading partner acquisition costs include: JIT meaning "Just In Time" used in reference to med-surg distributors, and DAC meaning "Distributor Acquisition Cost" used in reference to oncology and imaging distributors. The intent of HPD is to maintain one acquisition price for all wholesalers and distributors, and any discrepancies to this policy would be aligned as rapidly as possible.

**Chargeback** – The process used by the U.S. pharmaceutical industry whereby product is sold to drug wholesalers at WAC then resold to a healthcare provider under the terms of a manufacturer's contract price below WAC; and the wholesaler is subsequently reimbursed (charged back to the manufacturer) for the differential value.

**ASP (Average Selling Price)** – The average sales price for the product after netting out the chargeback transaction over a given time period. This price does not include accruals for post-sale rebates or discounts.

**Actual Sales Price** – The actual price for the product as billed to the healthcare provider by the wholesaler without the wholesaler upcharge; the net price after chargeback.

**PRICE GUIDELINE:** The List Price should be equal to the WAC plus 5%, or plus \$5.00 per case, whichever adjustment is greater; except for branded products and co-marketed products as noted below under Process.

**PRODUCTS:** The products included under this policy include all drug and solution products sold by HPD under an NDC, NDA or ANDA approval with an Abbott product designation (FDA code prefix "00074"). Efforts will be made to apply this policy to products under co-promotion or co-marketing agreements with other manufacturers based upon mutual agreement of both parties.

**PROCESS:** Annually HPD Finance and Contract Marketing functions will be responsible for evaluating all drug list prices for possible adjustment. First, the WAC for all drugs will be evaluated for changes based upon the range of actual sales prices processed through the wholesaler/distributor chargeback system over the prior twelve month period. For all products where the ASP has changed significantly, a financial evaluation will be performed to define the revised breakeven point, balancing the actual sales price range against the cost of prompt-pay discounting for the chargeback differential. When defining a proposed revision to WAC, the

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analysis should consider external factors; such as market price strategies, product availability, and competitive offerings; which may justify maintaining higher WAC levels.

After a proposed revision to WAC is defined, a proposed new list price will be calculated using the Price Guideline. Adjustments to WAC and list prices will be consolidated by business unit, and the proposal will be reviewed with each product general manager, or their designates, to determine a final price level. The list prices will be adjusted once per year by Contract Marketing and published in a Price Catalog in hardcopy and/or e-format for general distribution to customers. The revised prices will be reported to the industry clearinghouses (RedBook and First Data Bank) prior to implementation. Any reductions in WAC need to be reported to wholesalers 45 days before the price effectivity. WAC increases will not be announced until the day prior to price effectivity to minimize speculative buying by the wholesalers.

Branded pharmaceutical products under protected patent status will be priced as defined by the business unit general manager as long as the predominate sales mode reflects no invoice discounts other than any single order case discounts published in the catalog. The WAC for these products will be set equal to the list price.

**ADMINISTRATOR:** The general manager of HPD Contract Marketing will be the administrator of all list price designations for the Division. The incumbent will assure compliance to this policy and review any exceptions with the Division president before publication.

## POLICY IMPLEMENTATION:

Per directions from last meeting:

1. Discussed price adjustment with other Divisions:  
**PPD** – Standard WAC prices at 5% below List; potential exposure on Ery products which are sold at 40% to 60% below List; some sales volume risk with lower List price.  
**RPD** – No exposure anticipated; distributor prices at 30% off List.  
**SPD** – Animal Health prices higher than HPD ASP, currently making comparisons; no major risk anticipated.
2. Evaluated the impact of using lower JIT prices. List Price billings erosion increased \$1.5 million to \$1.8 million.
3. Evaluated the impact of DAC adjustments for Oncology drugs. Few drugs are impacted since many co-marketed products remain sold at List Price. No direct sales for these items.

### Proposed Implementation Schedule:

- A) **First 45 Days** – Finalize WAC prices with Accounting verification and Business Unit approvals.
- B) **Next 45 Days** – Announce changes to WAC, JIT and DAC prices to trading partners.
- C) **Next 30 Days** – Announce catalog price change and publish new List Prices to RedBook and First Data Bank.

<b>Definite Impact - Price Lost Due to Reduction</b>	<b><u>2001</u></b>	<b><u>ANNLZD</u></b>
• List Price & Special Price Sales	\$ 0.9 million	\$ 1.8 million
• Inability to Raise FSS Prices	\$ 0.1 million	\$ 0.2 million
<b>Potential Impact - Volume Lost due to Reimbursement Reductions</b>		
• Alternate Site Product Sales	\$ 2.9 million	\$ 8.8 million
• Home Infusion Revenue Sharing	\$ 0.6 million	\$ 1.8 million
<b>Total Potential Impact</b>	<b>\$ 4.5 million</b>	<b>\$ 12.6 million</b>

Assuming July 1, 2001 catalog price date.